

Stock Code: 600690 **Stock Name:** Qingdao Haier **Announcement No.:** L2019-046

Convertible Bond Code: 110049 **Convertible Bond Name:** Haier Convertible Bonds

Convertible Stock Code: 190049 **Convertible Stock Name:** Haier Converted Stocks

Haier Smart Home Co., Ltd.

First Indicative Announcement on Selling Back “Haier Convertible Bonds”

The Board of Directors of the Company and all members of the Board warrant that there are no false representations, misleading statements and material omissions in this announcement, and are severally and jointly responsible for the authenticity, accuracy and completeness of the content herein.

IMPORTANT INFORMATION:

- Sale-back code: 100914
- Sale-back abbreviation: Haier Sale Back
- Sale-back price: RMB100.11 each (inclusive of current interest)
- Sale-back period: from 3 July 2019 to 9 July 2019
- Sale-back payment date : 12 July 2019
- Suspension of conversion of convertible bonds during the sale-back period

At the Annual General Meeting of 2018 and other relevant meetings of Haier Smart Home Co., Ltd. (formerly known as Qingdao Haier Co., Ltd., hereinafter referred to as the “Company”), the *Proposal on Changing Part of the Investment Projects of Funds Raised from Convertible Corporate Bonds of Qingdao Haier Co., Ltd.* was considered and approved, agreeing to change “Home appliance smart control components plant construction project”, “Advanced research and development laboratory construction project of smart home appliance” and “Industrial smart research institute construction project”, being the original sub-projects of the projects

of funds raised from convertible corporate bonds of the Company, to “Haier North India industrial park project (Phase I)”, so as to better improve the efficiency in using funds. According to the Prospectus in relation to the *Public Issuance of A Share Convertible Corporate Bonds of Qingdao Haier Co., Ltd.* (hereinafter referred to as the “Prospectus”), the additional sale-back terms of Haier Convertible Bonds came into force. The Company disclosed the *Announcement on Selling Back Haier Convertible Bonds of Haier Smart Home Co., Ltd.* on 26 June 2019. In accordance with the requirements of the *Administrative Measures on Securities Issuance of Listed Companies*, the *Rules Governing the Listing of Securities on the Shanghai Stock Exchange* and the Prospectus of the Company, matters relevant to sale-back are hereby notified to all holders of Haier Convertible Bonds for the second time:

I. Sale-back Terms and Price

(I) According to the Prospectus of the Company, the additional sale-back terms are detailed as follows:

If the actual usage of the proceeds from the issuance of the convertible bonds differs from the description of the use of proceeds set out in the Prospectus, and it is considered by the CSRC as a change in the use of proceeds, the holders of convertible bonds will have an one-off right to sell all or part of the convertible bonds back to the Company at the nominal value plus interest accrued. Under this scenario, the holders of convertible bonds may sell their convertible bonds back to the Company during the sale-back application period after it is announced by the Company. If the holders of convertible bonds do not exercise their sale-back rights during the sale-back application period, the rights to sell back the convertible bonds shall automatically lapse.

Formula for calculation of the current accrued interest is: $IA = B \times i \times t / 365$

IA: Accrued interest for the current period;

B : Aggregate par value of the convertible bonds held by the holders of convertible bonds;

i : Coupon rate of the convertible bonds in an interest accrual year;

t :Number of days on which interest is accrued, i.e. the actual number of calendar days from the last interest payment date up to the sale-back date of that interest accrual year (including the last interest payment date and excluding the sale-back date).

(II) Sale-back price:

Based on the aforesaid formula for calculation of accrued interest for the current period, the accrued interest shall be $100 \times 0.2\% \times 196 / 365 = \text{RMB}0.11$ each as the coupon rate of Haier Convertible bonds for the first year is 0.2% and the number of days of interest accrued is 196 (18 December 2018 to 2 July 2019). Therefore, the sale-back price shall be RMB100.11 each.

II. Matters Relevant to Selling Back Convertible Bonds

(I) Reminding of sale-back

According to the relevant requirements of the Rules Governing the Listing of Securities on the Shanghai Stock Exchange, where a listed company proposes to change the use of proceeds from issuance of convertible corporate bonds, the holders of convertible corporate bonds of the listed company shall be entitled to exercise their sale-back rights once within 20 trading days after the relevant proposal has been approved at the general meeting. Announcement on the sale-back shall be issued at least three times. Therefore, the Company will issue the announcement on sale-back and three indicative announcements on sale-back within 5 working days from 26 June 2019 to 3 July 2019 on the *China Securities Journal*, *Shanghai Securities News*, *Securities Times*, *Securities Daily* and the website of Shanghai Stock Exchange (<http://www.sse.com.cn>).

(II) Sale-back application procedures

The sale-back code and sale-back abbreviation are “100914” and “Haier Sale

Back”, respectively. Holders of convertible bonds who choose to exercise their sale-back rights shall apply for sale-back during the sale-back application period through the trading system of the Shanghai Stock Exchange in order to sell. Upon confirmation, the sale-back application can’t be cancelled. Any holder who fails to make sale-back application successfully on the date of application may continue to apply on the following day until the end of the application period.

(III) Sale-back application period: 3 July 2019 to 9 July 2019

(IV) Sale-back price: RMB100.11 each (inclusive of current interest)

(V) Method of payment of sale-back funds

The Company will buy back Haier Convertible Bonds for which sale-back applications have been made at the price specified in the aforesaid paragraph. In accordance with the relevant rules of the China Securities Depository and Clearing Co., Ltd, Shanghai Branch, the sale-back payment date shall be 12 July 2019.

Upon expiry of the sale-back period, the Company will announce the results of sale-back and its impact on the Company.

III. Trading during the Sale-back Period

Trading of Haier Convertible Bonds will continue, but conversion of Haier Convertible Bonds will be suspended during the sale-back period. If a holder of Haier Convertible Bonds gives a sell instruction and an order to sell back the Convertible Bonds simultaneously on the same trading day, the sell instruction will be processed by the system in priority.

During the sale-back period, if the aggregate nominal value of the convertible corporate bonds in issue becomes less than RMB30 million as a result of the sale-back, trading in the convertible bonds will continue. After the expiry of the sale-back period, the Company will issue an announcement to suspend the trading in Haier Convertible Bonds after three trading days following the publication of announcement.

Holders of Haier Convertible Bonds may sell back part or all of their convertible corporate bonds which have not been converted. As exercise of the sale-back right is

not mandatory, holders of Haier Convertible Bonds shall have the right to choose whether to exercise their sale-back rights or not.

IV. Others

Contact department: Securities department of the Company

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It is hereby notified the above.

The Board of Directors of Haier Smart Home Co., Ltd.

26 June 2019

(Note: This Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.)